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AS AT OCTOBER 31, 2007**October 2007 highlights**

- The budgetary balance for October 2007 shows revenue lagging expenditure by \$599 million.
- Budgetary revenue amounts to \$4.6 billion, an increase of \$116 million compared to last year. Own-source revenue stands at \$3.5 billion, while federal transfers amount to \$1.1 billion.
- Program spending is up by \$293 million compared to October 2006 and stands at \$4.6 billion. This increase is attributable, in particular, to the rise in spending relating to the health and social services network.
- Debt service stands at \$593 million, an amount comparable to last year's.
- The payments to the Generations Fund amount to \$225 million, including the additional payment of \$200 million made last October 1 further to the use of part of the budgetary reserve.

SUMMARY OF BUDGETARY TRANSACTIONS

(millions of dollars)

(Unaudited data)

	October ¹		April to October ¹		May 24, 2007	Update on Québec's Economic and Financial Situation	
					Budget	Growth ²	
	2006 ³	2007	2006-2007 ³	2007-2008	2007-2008	2007-2008	%
BUDGETARY REVENUE							
Own-source revenue	3 552	3 478	27 047	27 874	47 953	48 453	- 1.9
Federal transfers	914	1 104	6 356	7 638	13 174	13 262	20.3
Total	4 466	4 582	33 403	35 512	61 127	61 715	2.1
BUDGETARY EXPENDITURE							
Program spending	- 4 270	- 4 563	- 30 396	- 31 700	- 53 913	- 54 104	4.3
Debt service	- 586	- 593	- 3 987	- 4 046	- 7 244	- 6 989	0.9
Total	- 4 856	- 5 156	- 34 383	- 35 746	- 61 157	- 61 093	3.9
NET RESULTS OF CONSOLIDATED ORGANIZATIONS	32	- 25	146	- 45	30	41	—
REVENUE DEDICATED TO THE GENERATIONS FUND⁴	—	25	—	181	453	453	—
IMPACT OF THE ACCOUNTING REFORM	—	—	—	—	—	- 663	—
BUDGETARY BALANCE BEFORE PAYMENTS TO THE GENERATIONS FUND AND USE OF THE BUDGETARY RESERVE	- 358	- 574	- 834	- 98	453	453	—
Use of part of the budgetary reserve	—	200	—	200	200	200	—
Payments to the Generations Fund	—	- 225	—	- 381	- 653	- 653	—
BUDGETARY BALANCE⁵	- 358	- 599	- 834	- 279	0	0	—

¹ This report does not reflect the changes in accounting methods announced in the reform of the government's accounting policies.

² According to the *Update on Québec's Economic and Financial Situation* tabled on December 11, 2007.

³ Some comparative figures for 2006-2007 have been reclassified for consistency with the presentation adopted in 2007-2008.

⁴ The Generations Fund began operations on January 1, 2007.

⁵ Corresponds to the consolidated budgetary balance for the purposes of the *Balanced Budget Act*.



MONTHLY REPORT ON FINANCIAL TRANSACTIONS

Cumulative results as at October 31, 2007

Budgetary balance

- ☐ Consistent with the historical trend, the cumulative results for the first seven months of the year show revenue lagging expenditure.
- ☐ For the period from April to October 2007, the budgetary balance shows expenditure exceeding revenue by \$279 million. This is an improvement of \$555 million compared to last year's results.

Budgetary revenue

- ☐ Budgetary revenue since the beginning of the year amounts to \$35.5 billion, an increase of \$2.1 billion compared to the same period last year.
- ☐ Own-source revenue stands at \$27.9 billion, \$827 million more than as at October 31, 2006. This improvement is attributable in particular to economic growth, resulting in increased revenue from personal income tax and the sales tax.
- ☐ Federal transfers amount to \$7.6 billion for the first seven months of the current fiscal year, an increase of \$1.3 billion compared to the same period in 2006-2007.

Budgetary expenditure

- ☐ As at October 31, 2007, budgetary expenditure amounts to \$35.7 billion, an increase of \$1.4 billion compared to last year.
- ☐ Program spending is up by \$1.3 billion compared to last year and stands at \$31.7 billion. The most significant changes are in the Health and Social Services (\$609 million) and the Education and Culture (\$442 million) missions.
- ☐ Debt service amounts to \$4.0 billion, up \$59 million compared to October 31, 2006.

Generations Fund

- ☐ The payments to the Generations Fund amount to \$381 million, including the additional payment of \$200 million made further to the use of part of the budgetary reserve.

Net financial requirements

- ☐ For the period from April to October 2007, consolidated net financial requirements stand at \$1.7 billion, a decline of \$1.4 billion compared to last year.
- ☐ This reduction is attributable to the \$736-million improvement in the consolidated budgetary balance and a decline in consolidated non-budgetary requirements of \$614 million.

MONTHLY REPORT ON FINANCIAL TRANSACTIONS

CONSOLIDATED BUDGETARY AND FINANCIAL TRANSACTIONS

(millions of dollars)

(Unaudited data)

	October			April to October		
	2006	2007	Changes	2006-2007	2007-2008	Changes
BUDGETARY REVENUE						
Own-source revenue	3 552	3 478	- 74	27 047	27 874	827
Federal transfers	914	1 104	190	6 356	7 638	1 282
Total	4 466	4 582	116	33 403	35 512	2 109
BUDGETARY EXPENDITURE						
Program spending	- 4 270	- 4 563	- 293	- 30 396	- 31 700	- 1 304
Debt service	- 586	- 593	- 7	- 3 987	- 4 046	- 59
Total	- 4 856	- 5 156	- 300	- 34 383	- 35 746	- 1 363
NET RESULTS OF CONSOLIDATED ORGANIZATIONS	32	- 25	- 57	146	- 45	- 191
Revenue dedicated to the Generations Fund	—	25	25	—	181	181
Use of part of the budgetary reserve	—	200	200	—	200	200
Payments to the Generations Fund	—	- 225	- 225	—	- 381	- 381
BUDGETARY BALANCE ¹	- 358	- 599	- 241	- 834	- 279	555
Revenue dedicated to the Generations Fund	—	25	25	—	181	181
CONSOLIDATED BUDGETARY BALANCE	- 358	- 574	- 216	- 834	- 98	736
Consolidated non-budgetary surplus (requirements)	713	572	- 141	- 2 226	- 1 612	614
CONSOLIDATED NET FINANCIAL SURPLUS (REQUIREMENTS)	355	- 2	- 357	- 3 060	- 1 710	1 350

¹ Corresponds to the consolidated budgetary balance for the purposes of the *Balanced Budget Act*.

MONTHLY REPORT ON FINANCIAL TRANSACTIONS

CONSOLIDATED REVENUE FUND REVENUE

(millions of dollars)

(Unaudited data)

	October			April to October		
	2006	2007	Changes %	2006-2007	2007-2008	Changes %
Revenue by source						
BUDGETARY REVENUE						
Own-source revenue excluding government enterprises						
Income and property taxes						
Personal income tax	1 123	1 171	4.3	9 720	10 728	10.4
Contributions to Health Services Fund	388	406	4.6	2 985	3 075	3.0
Corporate taxes	409	357	- 12.7	2 257	2 268	0.5
Consumption taxes	1 086	957	- 11.9	7 430	7 874	6.0
Other sources	220	238	8.2	1 438	1 625	13.0
Total	3 226	3 129	- 3.0	23 830	25 570	7.3
Revenue from government enterprises	326	349	7.1	3 217	2 304	- 28.4
Total own-source revenue	3 552	3 478	- 2.1	27 047	27 874	3.1
Federal transfers						
Equalization	467	597	27.8	3 206	4 177	30.3
Health transfers	297	313	5.4	2 099	2 162	3.0
Transfers for post-secondary education and other social programs	85	120	41.2	606	805	32.8
Other programs	65	74	13.8	445	494	11.0
Total federal transfers	914	1 104	20.8	6 356	7 638	20.2
TOTAL BUDGETARY REVENUE	4 466	4 582	2.6	33 403	35 512	6.3

CONSOLIDATED REVENUE FUND EXPENDITURE

(millions of dollars)

(Unaudited data)

	October			April to October		
	2006	2007	Changes %	2006-2007	2007-2008	Changes %
Expenditures by mission						
BUDGETARY EXPENDITURE						
Program spending						
Health and Social Services	1 752	1 850	5.6	12 848	13 457	4.7
Education and Culture	1 114	1 193	7.1	8 193	8 635	5.4
Economy and Environment	497	548	10.3	3 603	3 798	5.4
Support for Individuals and Families	415	446	7.5	2 997	3 099	3.4
Administration and Justice	492	526	6.9	2 755	2 711	- 1.6
Total program spending	4 270	4 563	6.9	30 396	31 700	4.3
Debt service	586	593	1.2	3 987	4 046	1.5
TOTAL BUDGETARY EXPENDITURE	4 856	5 156	6.2	34 383	35 746	4.0

For information on this monthly report, contact Luc Monty at (418) 691-2225.

The report is also available on the ministère des Finances du Québec website: www.finances.gouv.qc.ca.